

04/18/07 10:01 FAX 514 871 8977

LAVERY, DE BILLY MTL.

0001

Richard A. Hinse
Direct line: (514) 877-2902
E-mail address:
rhinse@lavery.qc.ca

LAVERY, DE BILLY
BARRISTERS AND SOLICITORS

Lavery, de Billy
LIMITED LIABILITY PARTNERSHIP

Suite 4000
1 Place Ville Marie
Montréal, Québec, H3B 4M4
Telephone: (514) 871-1522
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FACSIMILE TRANSMISSION

TO:	Mr. Brad D. Rose	FROM:	Richard A. Hinse
	Pryor Cashman LLP		April 18, 2007
	Firm		Date
	New York (NY)		9
	City		Number of pages (including this page)
	212-798-6369		122327-00002
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MESSAGE**• CONFIDENTIALITY NOTICE •**

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PAGE 1/9 * RCVD AT 4/18/2007 9:57:48 AM [Eastern Daylight Time] * SVR:NY21/7 * DNIS:6369 * CSID:514 871 8977 * DURATION (mm-ss):03-06

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Richard A. Hinse
Direct Line: 514 877-2802
E-mail address: rhinse@lavery.qc.ca

Montreal, April 18, 2007

WITHOUT PREJUDICE
BY FAX AND MESSENGER

Pryor Cashman LLP
410 Park Avenue
New York, NY
10022

Attention: Mr. Brad D. Rose

Re: Phat Fashions LLC/Tornado Imports (Canada) Inc.
Amended License Agreement

Dear Mr. Rose:

We are the attorneys for Tornado Imports (Canada) Inc. ("Tornado Imports") in the above captioned matter and have received instructions to respond to your letter dated March 21, 2007 transmitted on behalf of Phat Fashions LLC ("Phat Fashions").

Contrary to what is alleged in your letter, not only was Amendment No. 1 to the Trademark License Agreement ("Amended License Agreement") agreed to between the parties but in accordance with the instructions given to Tornado Imports two originals of the Amended License Agreement were signed by Tornado Imports and transmitted to your firm (att. Eli B. Nathanson) for signing by Phat Fashions.

We enclose herewith a copy of the letter dated March 30, 2006 together with a copy of the Amended License Agreement and also the proof of delivery by FedEx.

The business aspects of the Amended License Agreement had been negotiated between Phat Fashions and Tornado Imports and the Agreement was prepared and finalized by Mr. Nathanson. Both Phat Fashions and Tornado Imports agreed to and accepted the final version of the Amended Licence Agreement and the signing thereof. The two originals signed by Tornado Imports were to be signed by Phat Fashions and one returned to Tornado Imports.

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Suite 4000
1 Place Ville Marie
Montréal, Québec
H3B 4M4
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Québec City
Suite 500
925 chemin Saint-Louis
Québec, Québec
G1S 1C1
Telephone: (418) 688-5000
Fax: (418) 688-3458

Laval
Suite 500
3080 boul. Le Corrfleur
Laval, Québec
H7T 2R5
Telephone: (450) 978-8100
Fax: (450) 978-8111

Ottawa
Suite 1810
360 Albert Street
Ottawa, Ontario
K1R 7X7
Telephone: (613) 594-4936
Fax: (613) 594-8783

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LAVERY, DE BILLY~~AMENDED LICENSE AGREEMENT~~

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Phat Fashions cannot rely on Section 17 of the License Agreement since the Amended License Agreement and the signing thereof were already agreed to between the parties and the signing by Phat Fashions was a mere formality. The representations from Phat Fashions were that the Amended License Agreement was being signed by Phat Fashions and the return to Tornado Imports of a signed original was forthcoming. Section 17 was no longer applicable. Phat Fashions cannot now raise such provision to claim that the Amended License Agreement was not agreed to between the parties nor to repudiate the Amended License Agreement and its obligations toward Tornado Imports. Moreover, Phat Fashions must respect its duties of good faith and fair dealing.

We have thus received instructions to advise Phat Fashions that the Amended License Agreement is binding between the parties and that Phat Fashions must respect the rights and obligations of the parties thereunder.

Tornado Imports reiterates that pursuant to the Amended License Agreement and its letter dated March 19, 2007, Tornado Imports has exercised the Third Option covering the period of January 1, 2008 to December 31, 2010.

Tornado Imports requests that Phat Fashions confirm to the undersigned within seven (7) days of receipt of the present letter that it will respect the Amended License Agreement and the exercise of the Third Option and that it also return one signed original.

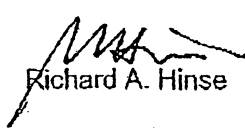
Tornado Imports reserves all its rights and recourses in the present matter against Phat Fashions and all those legally responsible in the circumstances.

Tornado Imports trusts that Phat Fashions will act accordingly.

Yours truly,

LAVERY, DE BILLY

RAH/cb
ends.
c.c. Tornado Imports (Canada) Inc.



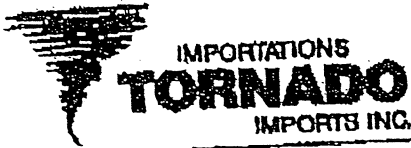
Richard A. Hinse

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March 30, 2006

Eli B. Nathanson
Pryor Cashman Sherman & Flynn LLP
410 Park Avenue, 10th Floor
New York, NY 10022.

Dear Mr. Nathanson,

It was a pleasure speaking with you yesterday. As discussed, please find two signed originals of the amendment to the Phat Farm license agreement.

If you should require further originals, please do not hesitate to call.

Best regards,

Barry Segal
V.P. Finance

5640 RUE FERRIER, MONTREAL, QC H4P 1M2 TEL: 514-731-7070. FAX : 514-733-8533 E-MAIL:

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AMENDMENT NO. 1TOTRADEMARK LICENSE AGREEMENT

AMENDMENT NO. 1, effective as of March __, 2006 (this "Amendment") to Trademark License Agreement, between Phat Fashions LLC, a New York limited liability company with offices at 512 Seventh Avenue, 43rd Floor, New York, NY 10018 ("Licensor"), and Tornado Imports (Canada), Inc., a company organized under the laws of Canada, with offices at 5540 Rue Ferrier, Montreal, P.Q. Canada H4P 1M2 ("Licensee").

WHEREAS, Licensor and Licensee are parties to that certain Trademark License Agreement, dated as of August 1, 1998 (the "License Agreement"). Capitalized terms used and not defined herein shall have the respective meanings assigned to them in the License Agreement; and

WHEREAS, the parties desire to amend the License Agreement to provide for, among other things, additional Renewal Terms, as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The License Agreement is hereby amended by adding the following new Section 3(d):

"3(d) Provided Licensee shall have exercised the Second Option, and provided that Licensee shall not be in default with respect to any of its obligations hereunder and provided further that Licensee shall have both paid one hundred percent (100%) of the GMR and achieved Net Sales during each Annual Period of the Second Option Term of no less than seventy five percent (75%) percent of the Minimum Net Sales for such Annual Period, Licensee shall be given an option (the "Third Option") to extend the Term of this Agreement for three (3) additional years to commence January 1, 2008, and to end December 31, 2010 (the "Third Option Term"), which Third Option must be exercised in writing in the same manner as notices hereunder and received by Licensor no earlier than March 1, 2007, and no later than June 30, 2007, time being of the essence."

2. The License Agreement is hereby amended by adding the following new Section 3(e):

"3(e) Provided Licensee shall have exercised the Third Option, and provided that Licensee shall not be in default with respect to any of its obligations hereunder and provided further that Licensee shall have both paid one hundred percent (100%) of the GMR and achieved Net Sales during each Annual Period of the Third Option Term of no less than seventy five percent (75%) percent of the Minimum Net Sales, Licensee shall be given an option (the "Fourth Option") to extend the Term of this Agreement for three (3) additional years to commence January 1, 2011, and to end December 31, 2013 (the "Fourth Option Term"), which Fourth

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Option must be exercised in writing in the same manner as notices hereunder and received by Licensor no earlier than March 1, 2010, and no later than June 30, 2010, time being of the essence."

3. Section 4(f) of the License Agreement is hereby amended by adding the following Minimum Net Sales and GMR figures for the Third Option Period and the Fourth Option Period, as follows:

<u>"Annual Periods During Term"</u>		<u>Minimum Net Sales</u>	<u>GMR</u>
<u>Third Option Period</u>			
January 1, 2008	- December 31, 2008	\$ 5,000,000	\$ 350,000
January 1, 2009	- December 31, 2009	6,430,000	450,000
January 1, 2010	- December 31, 2010	7,858,000	550,000
<u>Fourth Option Period</u>			
January 1, 2011	- December 31, 2011	8,580,000	600,000
January 1, 2012	- December 31, 2012	9,286,000	650,000
January 1, 2013	- December 31, 2013	10,000,000	700,000"

4. The License Agreement is hereby amended by deleting Section 6(d) in its entirety and replacing it with the following:

"6(d) Licensee shall have the exclusive right to establish prices and terms for the sale of Licensed Products. Licensee shall provide Licensor, in advance of each selling season, with line sheets and price lists, and Licensee shall promptly notify Licensor of any change in pricing. Licensee agrees to sell to Licensor such quantities of Licensed Products, from time to time, as requested by Licensor for promotional purposes and for sale in stores and websites operated by Licensor or its Affiliates, licensees and/or subcontractors for prices equal to the lesser of thirty percent (30%) percent below Licensee's normal wholesale selling prices at the time of any such sale, or the lowest price charged by Licensee to any of its customers. Such sales shall constitute Net Sales for purposes of computing Minimum Net Sales but a reduced Royalty of five and one half percent (5.5%) of such sales price shall be payable to Licensor and no Advertising Payment shall be due thereon."

5. The License Agreement is hereby amended by deleting the Licensor notice information in Section 14 and replacing it with the following:

If to Licensor:

Phat Fashions LLC
512 Seventh Avenue, 43rd Floor
New York, NY 10018
Attention: Mr. Bernt Ullmann

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with a copy to:

Pryor Cashman Sherman & Flynn LLP
410 Park Avenue, 10th Floor
New York, New York 10022
Attention: Brad D. Rose, Esq.

and

Kellwood Company
600 Kellwood Parkway
Chesterfield, MO 63017
Attention: Corporate Secretary/Legal Department

6. Except as modified by this Amendment, all terms and conditions of the License Agreement shall remain in full force and effect.

7. This Amendment may be signed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Facsimile copies of counterpart signature pages shall be deemed original counterpart pages for all purposes hereunder.

8. This Amendment shall be governed by, and construed in accordance with, the law of the State of New York applicable to contracts made and to be performed in the State of New York, without regard to conflicts of law principles.

9. In the event one or more of the provisions of this Amendment should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Amendment, and this Amendment shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

[signature appears on next page]

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IN WITNESS WHEREOF, this Amendment has been executed and delivered by the parties hereto as of the date first above written.

PHAT FASHIONS, LLC

By: _____
Name:
Title:

By: _____
Name:
Title:

Tornado Imports (Canada), Inc.

By: _____
Name: ISSIE WRENN
Title: DIRECTOR

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FedEx Express
Customer Support Trace
3876 Airways Boulevard
Module H, 4th Floor
Memphis, TN 38116

U.S. Mail: PO Box 727
Memphis, TN 38194-4643
Telephone: 901-369-3800

February 20, 2007

Dear Customer:

The following is the proof of delivery you requested with the tracking number 790867523151.

Delivery Information:

Status: Delivered

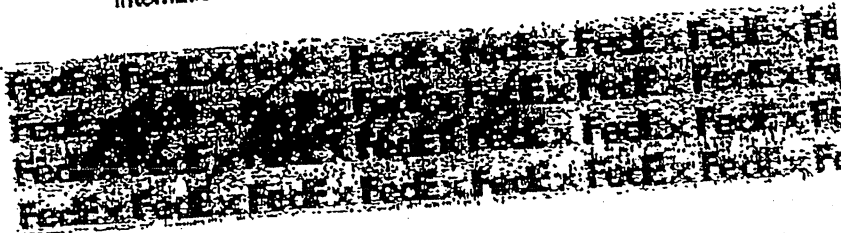
Delivery location:

410 PARK AVE 10 FL

Signed for by:
Service type:M.FOFANAH
International Priority Service

Delivery date:

Mar 31, 2008 09:52

**Shipping Information:**

Tracking number: 790867523151

Ship date:

Mar 30, 2008

Recipient:
ELI B. NATHANSON
PRYOR CASHMAN SHERMAN & FLYNN
410 PARK AVENUE
10TH FLOOR
NEW YORK, NY 10022 US
Reference

Shipper:
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